



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: February 11, 2025

TO: Honorable Mayor and Members of the City Council

FROM: Alex D. McIntyre, City Manager

PREPARED BY: Nick Pegueros, Administrative Services Director & CFO

SUBJECT: Consider Adopting the Fiscal Year 2025-26 City Council Priorities and Budget Principles

BACKGROUND:

On January 24, 2025, the City Council held its Strategic Initiatives and Prioritization Retreat at the Recreation & Aquatic Center. The retreat is a key milestone in the yearly budget development process because it allows staff to present a high-level summary of the fiscal climate or potential challenges and proposed capital improvement projects. Moreover, the retreat also creates space for the City Council to elaborate on potential strategic initiatives before ultimately deciding on five to prioritize for the coming fiscal year. This process helps to build consensus on priorities and ensure each fiscal year's key initiatives are actionable and achievable.

The recommended action is for City Council to formally adopt direction provided at their strategic initiatives retreat on January 24, 2025. This direction will guide staff in preparing a budget that aligns with established budget principles and includes funding for the City Council's five top priority initiatives for Fiscal Year 2025-26 (FY26).

DISCUSSION:

During the retreat, the City Council conducted its annual strategic initiatives and prioritization session, which provided important guidance for the upcoming budget preparation. The City Manager, alongside individual City Council members, presented a list of 25 strategic initiatives for consideration in FY26. After discussion, the City Council identified five key priority initiatives, described in this report. Additionally, the Council reviewed and confirmed the recommended budget principles for FY26 and decided not to make any changes.

FY26 Top Priority Initiatives

The following project descriptions are based on staff's understanding of City Council discussion at the January 24th retreat. Scope clarity is necessary to ensure the initiative's success, and staff requests that the Council provide clarity to the scope of work outlined below as part of their adoption process. All costs are estimates based on preliminary analysis. If amended and/or approved as is, staff will bring back the fully resourced initiatives as part of the City Manager's recommended budget.

Community Communications and Engagement Program

The Community Communications and Engagement Program's primary objective is to enhance internal and external communications through strategically utilizing various channels. The Program will be designed to foster transparency, trust, and inclusivity among all stakeholders.

The Program's overarching goal is to establish a series of proactive mechanisms to keep the community, employees, business community, and other stakeholders informed about City initiatives and activities while enhancing engagement through various communication channels. The Program will be designed to establish communication standards and style, address news and media requirements, develop proactive content, manage social media platforms, and support other marketing-related needs. **Estimated FY26 fiscal impact: \$0.1 million for developing communications and engagement strategy plan. On-going costs, depending on the initiative's scope, may range from \$0.15 to \$0.37 million per year.**

Mitigation of illegal dumping and maintenance of street medians

This initiative expands the current program, which leverages the City's relationship with Recology on illegal dumping. Recology currently picks up the larger discarded items, and City staff clean up the smaller items. Staff needs clarification on the expanded scope, particularly those dumping on land controlled by external agencies.

One approach is establishing a collaborative working group with City departments and external agencies with jurisdiction over the sites subject to illegal dumping to determine how to address the problem best. In addition to Public Works and Parks, Police and Code Enforcement are also needed due to the homelessness issue that drives some of the illegal dumping complaints and code violations that require fines and enforcement—initial estimates for a programmatic quarterly dumping, trash removal, and periodic enforcement total \$0.3 million. In addition, the City has a contract with a landscape maintenance company for \$0.05 million per year, which provides minimum median maintenance. It is recommended that the appropriation be increased by \$0.2 million, providing a more appropriate level of landscaping. **Estimated FY26 fiscal impact: \$0.5 million**

Residential Parking Permit Program (RPPP) Reassessment

Reassessment of the established Residential Parking Permit Program (RPPP), through identifying and analyzing the existing residential parking permit program, comprehensive survey and mapping of on-street parking spaces, analysis of socio-economic and built environment conditions that factor into parking supply and demand in parking impacted areas of the City, stakeholder outreach/public engagement, and preparing a report finalizing the current RPPP and preliminary recommendations for policy considerations to be presented at City Council for review and feedback. **Estimated FY26 fiscal impact: \$0.3 million**

Retrofit of R.O. streetlight system

The Regulated Output (R.O.) Streetlight Replacement Project - Phase 2 aims to replace the remaining streetlights and poles currently connected to the City's unreliable regulated output circuit with solar-powered streetlights. Some remaining R.O. lights in the City are on Caltrans right-of-way and will require coordination and approval from Caltrans to replace them with solar-powered streetlights. **Estimated FY26 fiscal impact: \$1.8 million**

Strategic Analysis of Major City-owned Properties

The primary objective of the strategic analysis of City-owned properties is to conduct a long-term real estate planning study of the City’s major real estate portfolio. These real estate properties include but are not limited to City Hall, the Library, Fire Stations, CityNet headquarters, the Carlton Corners Scout House, the Catalpa House, 140 Arbor Court, Corporation Yard, downtown parking lots, and potentially underutilized park sites.

The analysis will focus on the real estate value of the property based on permitted development intensity and the economics of the highest and best land use and current market. This may include market-rate and/or affordable housing and various commercial uses. A report will be prepared that includes assessments of the development potential of these properties and make recommendations for repurposing or surplus, either for sale or lease based on the value, development feasibility, and marketability. The study may also evaluate the cost of acquiring new property for the potential relocation sites for City facilities. The City has an on-call list of real estate investment, advisory, and asset management consultants based on a recent Request for Proposals (RFP) process. Staff may select a qualified firm to prepare this report that will be presented at City Council for review and feedback. **Estimated FY26 fiscal impact: \$0.2 million**

Table 1 – Top Priority Initiatives Resources Requirement Summary

	FY26 (est.)	Ongoing (est.)
Community Communications and Engagement Program	\$0.1 million	\$0.4 million
Mitigation of illegal dumping and maintenance of street medians	0.5	0.5
Residential Parking Permit Program (RPPP) Assessment	0.3	0.4
Retrofit of RO streetlight system	1.8	0.2
Strategic Analysis of Major City-owned Properties	0.2	0.0
Total	\$2.9 million	\$1.5 million

FY25 Top Priority Initiatives Carried Forward to FY26

- Assess the fiscal feasibility of the Transit Corridor Plan
- Conduct a comprehensive employee classification and compensation study
- Finalize Downtown Park improvement plans: Florida and Posy Parks
- Initiate Downtown beautification efforts including greening, banners, and marquee sign
- Stabilize CityNet’s fiscal sustainability

FY24 Initiatives Carried Forward to FY26

- City Offices Renovations
- Citywide Wildfire Mitigation Project & Public Education Programs Covering Fire Safety and Emergency Preparedness
- Climate Action Plan
- Crestmoor Wildfire Mitigation Project
- Implement Online Permitting

Budget Principles

The City Council has received the recommended budget principles for FY26, as outlined in Attachment 2, which remain unchanged from City Council adopted budget principles for the current fiscal year. These principles are essential for guiding the development of the City Manager's recommended budget and ensuring the effective use of available funds each fiscal year. Budget principles provide a framework for sound financial management and strategic planning. They help align resource allocation with the service levels and priorities set by the City Council, while also ensuring a balanced budget.

FISCAL IMPACT:

The estimated fiscal impact of the top priority initiatives is \$2.9 million in FY26. City staff's FY26 budget recommendation is to fully fund the City Council's top priority initiatives using Measure G revenues. The proposal will be submitted to the Revenue Measure Oversight Committee (Measure G Committee) at their February 13, 2025 meeting, and the Committee will make a formal recommendation to the Council on staff's recommendation. The City Council retains discretion over using Measure G funds, and there are no restrictions on their use for general governmental purposes.

ENVIRONMENTAL IMPACT:

The action is not a project subject to CEQA. City Council's action is not considered a "Project" per CEQA Guidelines and therefore no further environmental analysis is required.

RECOMMENDATION:

Consider a Resolution Adopting the Fiscal Year 2025-26 City Council Priorities and Budget Principles

ALTERNATIVES:

Consider Adopting the Fiscal Year 2025-26 City Council Priorities and Budget Principles

ATTACHMENTS:

1. DRAFT FY26 City Council Initiatives
2. DRAFT FY26 Budget Principles